

*Office Memorandum* • UNITED STATES GOVERNMENT

TO : MEMORANDUM FOR THE RECORD

DATE: 15 October 1953

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FROM : 

SUBJECT: Financing of Contract Modifications

## OGC HAS REVIEWED.

1. Where a contract is entered into and in the subsequent fiscal year the contract price is increased as the result of a change order issued pursuant to the "Changes" clause, the total contract price may be financed out of funds available for the fiscal year in which the original contract obligation was incurred (Comptroller of the Treasury Decision, 10 June 1921, and the Comptroller General Decision A-15225, 24 September 1926, both unpublished).

2. The theory behind these rulings is that the change order is deemed to "relate back" to the date of the original contract. Of course, if the modification calls for work not within the original scope of the contract, it is "new procurement" and must be charged to the appropriation current at the time the contractor agrees to undertake the new work.



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